

## Message Text

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ORIGIN EB-11

INFO OCT-01 IO-13 ADP-00 TRSE-00 AF-10 ARA-16 EA-11 EUR-25

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CIAE-00 COME-00 INR-10 LAB-06 NSAE-00 SIL-01 STR-08

CIEP-02 CEA-02 SCEM-02 INT-08 SS-15 NSC-10 L-03 PA-03

PRS-01 USIA-15 /231 R

DRAFTED BY EB/PAS:NHERRINGER:VDR

8/7/73 EXT. 20354

APPROVED BY IO:JWMCDONALD, JR.

IO/CMD:AYODER

EB/OT/GCP:HCBLACK

TREAS:ECHASE

EB/ICD:JINGERSOLL

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P R 072336Z AUG 73

FM SECSTATE WASHDC

TO USMISSION GENEVA PRIORITY

INFO USMISSION USUN NEW YORK

UNCLAS STATE 155988

E.O. 11652 N/A

TAGS: ECOSOC

SUBJECT: 55TH ECOSOC: ITEM 4 - REVIEW AND APPRAISAL

REF: GENEVA 4066; GENEVA 4115

1. SET FORTH BELOW ARE COMMENTS AND SUPPORTING ARGUMENTS  
FOR REVISING PARAGRAPHS 24 AND 45 OF THE REVIEW AND  
APPRAISAL WORKING PAPER. ADDITIONAL COMMENTS WILL FOLLOW.

2. PARAGRAPH 24(A) OF THE WORKING PAPER STATES THAT "THE  
INTERNATIONAL COMMUNITY REACHED NO AGREEMENT ON A SET OF  
GENERAL PRINCIPLES ON A PRICING POLICY AND ACCESS TO  
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MARKETS FOR COMMODITIES BY THE DATE SET IN THE STRATEGY."

IT IS THE U.S. VIEW, HOWEVER, THAT TDB RESOLUTION 73 (X) OF SEPTEMBER 1970 ESTABLISHED A SET OF GENERAL PRINCIPLES ON MARKET ACCESS AND PRICING POLICY AND HAS THUS MET THE RECOMMENDATION OF PARAGRAPH 24 OF THE IDS. THE EXISTENCE OF POLICY GUIDELINES, HOWEVER, DOES NOT ENSURE ACTION AT PRACTICAL LEVEL OF MARKET ACCESS AND PRICING PROBLEMS.

PARAGRAPH 24(B) STATES "THE SOLE NEW ACHIEVEMENT WITH REGARD TO PRIMARY COMMODITIES WAS THE CONCLUSION OF THE INTERNATIONAL COCOA AGREEMENT..." THIS STATEMENT SUGGESTS COMMODITY AGREEMENTS CONSTITUTE THE PRIMARY MECHANISM OF

INTERNATIONAL TRADE EXPANSION FOR THE LDC'S. THIS IS ERRONEOUS IN THE U.S. VIEW. TRADE LIBERALIZATION AND RESULTING IMPROVEMENT IN MARKET ACCESS PROVIDES ONE OF THE MOST EFFECTIVE MEANS FOR INCREASED LDC EXPORTS. HOWEVER, IT IS UP TO THE LDC'S TO TAKE ADVANTAGE OF TRADE LIBERALIZATION AND THE DEVELOPED COUNTRIES ARE ASSISTING THE DEVELOPING NATIONS IN THIS AREA WITH MARKET DEVELOPMENT AND PROMOTION PROGRAMS.

TRADE LIBERALIZATION MEASURES TAKEN BY THE U.S. INCLUDE THE ABOLISHMENT IN MAY 1973 OF THE OIL IMPORT QUOTA SYSTEM AND THE SUSPENSION IN 1973 OF MEAT IMPORT QUOTAS. FURTHER TRADE LIBERALIZATION IS EXPECTED IN THE MTN NOT ONLY FOR PRIMARY PRODUCTS BUT ALSO FOR PROCESSED PRODUCTS OF EXPORT INTEREST TO THE LDC'S.

WITH REGARD TO COMMODITY AGREEMENTS, ALTHOUGH THE COCOA AGREEMENT IS THE ONLY NEW AGREEMENT, NO OTHER SERIOUS PROPOSALS FOR NEW AGREEMENTS HAVE EMERGED. ALSO, CURRENT CONDITIONS OF TIGHT SUPPLIES AND HIGH PRICES HAVE REDUCED BOTH THE PRESSURE FOR AND BASIS FOR AGREEMENTS AIMING AT PRICE STABILIZATION. IT MIGHT BE NOTED THAT FOR THOSE PRODUCTS COVERED BY AGREEMENTS, CURRENT PRICES ARE ABOVE EXISTING OR EARLIER PREVAILING PRICE OBJECTIVES.

CONCERNING EFFORTS TO IMPROVE MARKET POSITION OF  
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NATURAL MATERIALS FACING SYNTHETICS COMPETITION, THERE IS A GREAT DEAL OF ACTIVITY IN THIS AREA BEING PERFORMED BY PRIVATE AND/OR INTERNATIONAL ORGANIZATIONS. COMMODITIES AFFECTED INCLUDE RUBBER, COTTON AND WOOL, AND EFFORTS ARE UNDER WAY TO ESTABLISH AN INTERNATIONAL JUTE RESEARCH CENTER.

3. WITH RESPECT TO PARAGRAPH 45, THE FOLLOWING COMMENTS

MAY BE EXPRESSED BY THE USDEL:

A. THE U.S. IS RECEPTIVE TO COMMODITY AGREEMENTS ON A CASE-BY-CASE BASIS AND JUDGES THEM ON THE BASIS OF THEIR SUITABILITY AND APPLICABILITY TO A GIVEN COMMODITY. THE SECOND HALF OF THE SENTENCE IS UNACCEPTABLE SINCE THERE IS NO COMMON UNDERSTANDING OF THE CIRCUMSTANCES UNDER WHICH "SUPPLY CONCERTING EFFORTS" BY LDC'S MIGHT BE ACCEPTABLE TO THE INTERNATIONAL COMMUNITY. MANY PAST LDC PROPOSALS IN THIS REGARD HAVE BEEN INAPPROPRIATE BOTH BECAUSE THEY DISREGARD THE INTERESTS OF CONSUMING COUNTRIES (BOTH LDC AND DC) AND DENY THEM AN OPPORTUNITY TO TAKE PART IN THE

SUPPLY-CONCERTING OR PRICE ACTION AND ALSO BECAUSE LDC EXPORTERS ALONE ARE NOT WELL SITUATED TO FORESEE THE FUTURE AND MAKE APPROPRIATE JUDGMENTS REGARDING SUPPLY AND PRICE OBJECTIVES.

B. ALTHOUGH THE RATIFICATION AND IMPLEMENTATION OF THE COCOA AGREEMENT IS NOT DEPENDENT ON U.S. PARTICIPATION, THE U.S. MAY BE THE INTENDED TARGET OF THE SENTENCE (THE COCOA AGREEMENT IS THE ONLY "CONCLUDED AGREEMENT AWAITING RATIFICATION") AND, IF SO, WE WOULD HAVE TO OBJECT TO INCLUSION OF THE SENTENCE. ALTHOUGH NOT A MEMBER, THE UNITED STATES OF COURSE RECOGNIZES THE NEW COCOA AGREEMENT.

C. WE HAVE PROBLEMS WITH THE THIRD SENTENCE. FIRST, TDB RESOLUTION 73 (X) OF SEPTEMBER 1970 HAS ESTABLISHED A SET OF GENERAL PRINCIPLES ON MARKET ACCESS AND PRICING POLICY AND MET THE RECOMMENDATION OF PARAGRAPH 24 OF THE UNCLASSIFIED

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IDS, IN THE U.S. VIEW. SECOND, THE EXISTENCE OF POLICY GUIDELINES HAS NO PARTICULAR RELEVANCE TO THE PROGRESS OF ACTION AT THE PRACTICAL LEVEL ON MARKET ACCESS AND PRICING PROBLEMS. FINALLY, AND VERY IMPORTANTLY, WE CANNOT SUPPORT, FOR THE REASONS ALREADY NOTED, THE CONCEPT THAT DEVELOPING EXPORTING COUNTRIES ACTING ALONE SHOULD TRY TO CONTROL "PRICING POLICY."

D. THE SENTENCE ON AGRICULTURAL POLICIES IS GENERALLY CONSISTENT WITH THE U.S. POINT OF VIEW AND ONE THE U.S. COULD SUPPORT. ROGERS

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## Message Attributes

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**Review Action:** RELEASED, APPROVED  
**Review Authority:** boyleja  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 10 SEP 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <10-Sep-2001 by reddocgw>; APPROVED <04 MAR 2002 by boyleja>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** 55TH ECOSOC: ITEM 4 - REVIEW AND APPRAISAL  
**TAGS:** EGEN, ECOSOC  
**To:** GENEVA  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005